

Promoting "Energy Saving Activities" and "Resource Recycling Activities". As Manufacturers, Production Systems Contribute to Reducing Environmental Impact

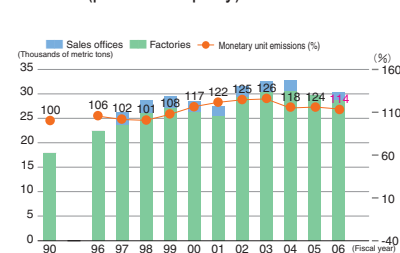
Lowering the environmental impact of manufacturing activities is a major objective at Sanden. Our factories have been taking actions to prevent pollution for many years. Following the receipt of ISO 14001 certification, we started building an environmental management system in 1997 to support an aggressive environmental protection program. Since then, this system has been expanded to include Group companies in Japan and other countries. Currently, 32 Sanden manufacturing sites have earned ISO 14001 certification, representing every Group factory except recently completed facilities.

There are three major environmental themes at Group factories: lowering energy consumption to prevent global warming; reducing the volume of waste materials to contribute to growth in the recycling of resources; and eliminating the use of hazardous substances.

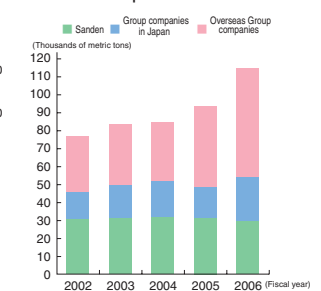
Activities to Saving Energy in Production

Sanden's basic concept in its environmental activities is "to eliminate energy possible loss." Therefore, we identify various types of wastes and, through TPM and other activities, work to eliminate them. Since 2002, with the completion of construction of the Akagi Plant, we have moved our production lines there, strengthened our in-house production, and realigned our Group businesses. To deal with the rise in energy consumed accompanying these developments, we have continued our activities to reduce energy consumption, and a downward trend has reappeared since fiscal 2005. In addition, regarding CO₂ emissions, as a result of an increase in the number of CO₂ monitoring sites and expansion in fuel use, emissions have increased.

Sanden (parent company) CO₂ Emissions



Sanden Group CO₂ Emissions



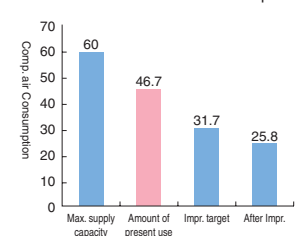
Activities in Fiscal 2006

At the compressor factory of the Akagi Plant, large amounts of compressed air are consumed in the water removal stage that follows the washing stage, and, as a result of the expansion in processing lines, it became necessary to introduce air compressors. For this reason, we changed the air supply method from the compressor method to the blower method. As a result, we were able to avoid installing a new compressor, and this energy saving due to lower consumption of electricity resulted in an annual reduction in CO₂ emissions of 110 tons.



Blower method

Effects of Reduction in Use of Compressed Air

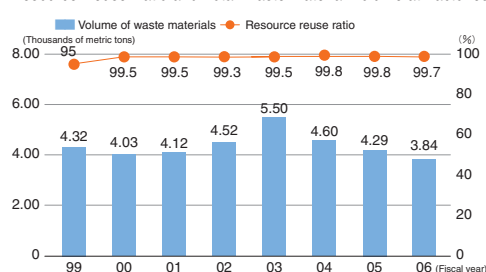


Activities to Saving Energy in Production

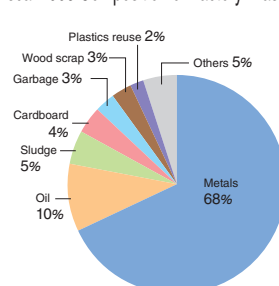
As part of our commitment to recycle resources, we conducted a campaign to eliminate waste materials sent to landfills. In 2000, all our business sites achieved zero-emission status (less than 1% of waste materials sent to landfills). Since then, we have been working on continuously lowering the remaining amount of materials sent to landfills. There have been a number of notable accomplishments: 1) Development of lighter products and research in new shapes for components in order to reduce waste materials generated by production processes; 2) Reduction in number of defective processed parts; 3) Reduction in packaging materials; and 4) Generating waste materials that can be recycled rather than merely incinerated to produce energy. Group companies in Japan also conduct these activities. All major production bases have achieved zero-emission status and are constantly working on improvements. Reducing the volume of waste materials cuts our environmental impact and helps promote recycling. Another important benefit is cost savings. Consequently, the zero-emission drive is one of our most important corporate activities.

Especially during fiscal 2006, in our domestic subsidiaries, we separated stretch film and container boxes and made the transition from thermal recycling to material recycling and adopted other measures to separate out materials that have monetary value and to reduce waste disposal costs.

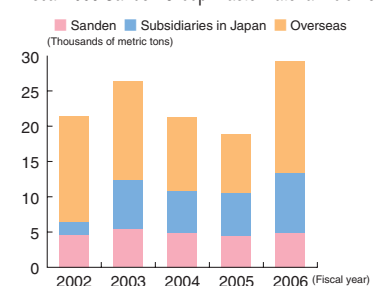
Resource Reuse Ratio and Total Waste Material Volume at Factories



Fiscal 2006 Composition of Factory Waste Materials



Fiscal 2006 Sanden Group Waste Material Volume



Management of Hazardous Substances

Sanden uses a centralized management system to handle all data concerning chemicals used for business activities. This system allows us to monitor consumption and emissions of chemicals with greater accuracy. We can also strengthen our chemical management activities. Another advantage is the ability to allow any employee to view data on the safety of specific chemicals and applicable regulations in Japan and overseas.

Since employees are more aware of risks associated with chemicals, we can better protect the environment and prevent accidents.

In addition, in 1999, Japan Pollutant Release and Transfer Register (PRTR) was created through the Law Concerning Reporting, etc., of Release of Specific Chemical Substances to the Environment and Promotion of Improvement of Their Management.

Sanden submits PRTR data reports.

PRTR Data in Fiscal 2006

In terms of volumes handled, there was a decline of 4% from the previous fiscal year, but emissions were reduced 7% as a result of improvements in equipment and rules for handling. Going forward, we are aiming to fully eliminate harmful substances and are promoting activities to reduce their use.

(Metric tons)

Chemical	Amount Handled	Amount Released				Amount Transferred			Amount Eliminated Through Processing	Amount Recycled
		Air	Water	Soil	Total Amount Released	Off-site	Sewerage	Total Amount Transferred		
Dichloromethane	154.3	137.7	0.0	0.0	137.7	16.6	0.0	16.6	0.0	0.0
1,1-dichloro-1-fluoroethane (HCFC-141b)	19.0	6.7	0.0	0.0	6.7	1.1	0.0	1.1	0.0	11.2
Xylene	8.4	7.4	0.0	0.0	7.4	1.0	0.0	1.0	0.0	0.0
Toluene	8.8	5.5	0.0	0.0	5.5	3.3	0.0	3.3	0.0	0.0
Total	190.5	157.3	0.0	0.0	157.3	22.0	0.0	22.0	0.0	11.2

Environment-Related Accidents and Violations

In fiscal 2006, there were no environment-related accidents or violations.

Sanden is committed to reducing environmental risks as part of efforts to prevent environmental accidents due to oil and other chemical substances. Activities include the identification of substances, equipment, and machinery with the potential to cause air, water, or soil pollution as a result of leakage during transport, storage, or use, the implementation of strict day-to-day control of such items, and the introduction of monitoring instruments. To prevent environmental pollution should an accident occur, the Company has created an Emergency Response Manual, keeps sandbags and oil mats on hand, and conducts emergency training.

In addition, compliance with environmental laws and regulations is verified through internal audits conducted under the environmental management system.

Reducing Environmental Impact via Logistics

Sanden is actively working to reduce environmental impact by making logistics operations more efficient. For instance, we are working to reduce transport distance by revising distribution routes, reduce the number of vehicles used by increasing load ratios, promoting a modal shift in transport, and developing a maintenance and co-delivery business. In addition, the Logistics Department is focusing on reducing, reusing, and recycling packaging materials by simplifying packaging specifications, using returnable containers for packaging materials, reusing pallets, and promoting the use of highly recyclable packaging materials.

With regard to chemical management for products in use, we collect Freon gases from our vending machines and showcases.

Green Logistics

The volume of materials Sanden handles, as stipulated in the Energy Conservation Law, is 60 million ton-kilograms, and the Company is subject to carrier restrictions under the law. During the previous fiscal year, we consolidated our external warehouses, which were dispersed in various places, into a parts center at the Akagi Plant. As a result, we were able to reduce transportation distances and bring delivery distances down to zero. In addition, by changing the number of delivery runs and methods, we were able to improve transportation efficiency in the Tohoku and Tokyo areas and thereby reduce CO₂ emissions by 70 tons annually.

Global Environmental Management Promotion Conference

The Company is applying its "Sanden Environmental Charter" to Group companies in Japan and overseas and promoting Group environmental management in line with the charter. In October 2005, we convened our First Global Environmental Management Promotion Conference in Singapore, with the participation of 26 environmental managers from 17 business locations. The conference began with an explanation of policy and approaches from Japan, which was followed by reports on environmental activities from representatives from the Americas, Europe, and Asia. These reports were then followed by active exchanges of opinion, which generated a stronger sense of teamwork, and then by an interchange of environment-related information among the representatives attending the conference.

The second conference in this series is scheduled to be held in October 2007.

